

P R 150533Z MAY 09
FM AMEMBASSY PORT MORESBY
TO SECSTATE WASHDC PRIORITY 5510
INFO ASEAN REGIONAL FORUM COLLECTIVE
AMEMBASSY BEIJING
AMEMBASSY CANBERRA
AMEMBASSY JAKARTA
AMEMBASSY SUVA
AMEMBASSY WELLINGTON
AMEMBASSY PORT MORESBY

UNCLAS PORT MORESBY 000087

SENSITIVE

DEPT FOR DS, S/CT, M, INR, CA, EAP/EX, DS/IP/EAP

E.O. 12958: N/A

TAGS: [ASEC](#) [PGOV](#) [SNAR](#) [PTER](#) [CASC](#) [PP](#)

SUBJECT: ANTI-CHINESE OUTBREAKS HIT PORT MORESBY AND LAE

¶1. (U) Summary. A May 12 Port Moresby protest march against Chinese ownership of small businesses led to two days of looting and business shutdowns in some areas of the city. Just as calm was returning to Port Moresby, rioting and looting broke out in Lae, PNG's second-largest city. PNG political leaders and police appeared surprised by the incidents; police were able to respond to some incidents and called shutdown of stores an "overreaction" on the part of Asian merchants. Acting Prime Minister Temu's conciliatory comments about earlier anti-Chinese outbreaks at the PRC-owned Ramu Nickel Mine represent the PNG Government's only response to the incidents to date. Rising anti-Chinese sentiment in PNG comes about at an awkward time for the Government, which is attempting to attract more Chinese investment, most recently during PM Somare's weeklong visit to Beijing in April. End summary.

Anti-Chinese Protest Sparks Looting

¶2. (U) The recent round of anti-Asian disturbances began in Port Moresby but has now spread to PNG's second-largest city, Lae. The troubles were sparked by a protest march May 12 in which youths attempted to petition National Capital District (NCD) Governor Powes Parkop to restrict foreign ownership of small businesses. The march turned violent; later that day and the next, roving groups of vandals looted a number of smaller Asian-owned businesses, taking advantage of smoldering local anti-Chinese sentiment. As word spread, copy-cat looters went out against Asian-owned businesses in the Port Moresby areas of Erima, Koki, Gerehu, and Six Mile, all poor residential areas. By May 14, many Asian-owned businesses, large and small, closed as a precaution. (Note: PNG residents tend to lump all East Asians together as "Chinese." Chinese businesspersons now dominate the small- and medium-scale business world throughout Papua New Guinea. End note.)

¶3. (U) Although no new looting has since been reported in Port Moresby, other related incidents have occurred. Security guards evacuated the Steamships Plaza Shopping Center, located close to the US Embassy, when youths attempted to incite rioting and looting by chanting anti-Chinese slogans. Security personnel immediately detained them and forced customers to leave, locking the doors behind. An hour later, the mall reopened under heavy security coverage with customers screened on entry.

The Rioting Spreads to Lae

¶4. (U) May 15 dailies headlined news that rioting had spread to Lae, PNG's second- largest city. According to the Port Moresby Post Courier, thousands of men and boys stormed Chinese shops at Eriku, Top Town, and the main market "bringing Lae to a standstill... catching the public, businesses, and police off guard." According to the account, youths attacked a Chinese-owned shop near a Bank South Pacific branch claiming that the shop owner should not be operating in the country; business should be restricted to Papua New Guineans.

¶15. (SBU) The disturbances appeared to catch the Government by surprise, including police. In Port Moresby, Metropolitan Police Commander Fred Yakasa said he was closely monitoring the situation, but that shop owners had overreacted by closing their stores and should reopen; "We will not tolerate hooligans trying to take advantage." Meanwhile, police in Lae were urging other provincial centers to take precautionary measures and monitor their areas.

An Awkward Time for the Government

¶16. (SBU) Rising popular anti-Chinese sentiment comes at an awkward time for the Government. PM Somare has been attempting to lure more PRC capital to his country, especially in the energy sector. His week-long April visit to Beijing, highly publicized in the PNG media, focused largely on attracting investment. At the same time, however, the rising number of legal and illegal Chinese immigrants, most in the small business sector, has fed popular resentment. One rioting youth quoted in a Port Moresby daily said, "We are frustrated with small Asian shops sprouting unnecessarily, selling cheap items around the city. Who is allowing these Asians to come into our country and own small businesses which should be owned by Papua New Guineans? They do business here using cheap items, ripping us off and invest our money back in their countries." Embassy officers frequently hear similar comments from PNG nationals. High profile Government-prosecuted cases of illegal immigration

by Chinese have further inflamed popular outrage.

¶17. (SBU) The government has not yet done much to reconcile its desire for PRC money with growing anti-Chinese sentiment among the public. As perhaps one step towards restoring civility, Acting Prime Minister Dr. Puka Temu apologized on May 15 for an earlier anti-Chinese incident at the Central Highlands PRC-owned Ramu Nickel and Cobalt site which left three Chinese workers hospitalized. Calling on the company's Executive Vice President Gu Yuxian in Port Moresby, he described the incident as "regrettable," and "openly apologized," according to media accounts. Temu said that additional security personnel would be deployed if necessary "to ensure law and social order is restored."

Comment: The Government's Dilemma

¶18. (SBU) The recent outbreaks represent a departure from past violence. PNG violence has tended to be tribal in nature, reflecting the social makeup of the country. No one tribal group dominates. As a result, PNG has not seen nationwide violence against any one group. The atomized tribal nature of the country has also kept strong national sentiment from emerging. The latest disturbances stand out because protestors phrased their attacks in nationalist rather than tribal language. The Government has yet to take a stand on the recent incidents beyond Temu's statements, no doubt because of the dilemma it faces inviting the very sort of PRC investment which stokes growing anti-Chinese sentiment by bringing in more Chinese immigrants and small entrepreneurs. End comment.

ROWE